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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of West Lafayette
Coshocton County
P.O. Box 175
West Lafayette, Ohio 43845

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of West Lafayette, Coshocton County, Ohio, (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2012 and 2011, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the YTD Bank Period Report to the December 31, 2010 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the YTD Bank Period Report to the December 31, 2011 balances in the YTD Bank Period Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the YTD Bank Period Report. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks), for the general checking account and five from the payroll checking account haphazardly from the December 31, 2012 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

6. We tested investments held at December 31, 2012 and December 31, 2011 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012 and one from 2011:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Transaction Listing. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Transaction Listing to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Receipt Transaction Listing included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the Coshocton County Auditor's Vendor Audit Trail Report from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Detail Revenue Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission and the Community Block Grant to the Village during 2012 and 2011 with the Revenue Transaction Report. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2012 and five from 2011.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the Income Tax Cash Receipts Journal. Even though the amounts agreed, it was discovered that an overpayment of \$125.20 was made by a village resident.
 - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Income Tax Cash Receipts Journal for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2012 and five from 2011.
 - a. We compared the refund paid from Income Tax Cash Receipts Journal to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted that each of the refunds was approved by the fiscal officer. However, in 3 of 5 refunds tested for 2012 and 3 out of 5 refunds tested for 2011, there was no evidence to support this review.
 - c. We noted the refunds were paid from the General Fund as is required.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2012 and 10 Water and Sewer Fund collection cash receipts from the year ended 2011 recorded in the Detail Revenue Transactions Report and determined whether the:
 - a. Receipt amount per the Detail Revenue Transactions Report agreed to the amount recorded to the credit of the customer's account in the Summary Cash Receipts Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Journal for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.
2. We read the Summary Open AR by Account.
 - a. We noted this report listed \$53,109 and \$54,932 of accounts receivable as of December 31, 2012 and 2011, respectively.
 - b. Of the total receivables reported in the preceding step, \$3,888 and \$3,817 were recorded as more than 90 days delinquent.
3. We read the Utility Bill Adjustment Journal Consolidated.
 - a. We noted this report listed a total of \$4,178 and \$5,182 non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
 - b. We selected five non-cash adjustments from 2012 and five non-cash adjustments from 2011, and noted that the Village Administrator, Fiscal Officer, and Utility Clerk approved each adjustment. However, in 1 out of 5 transactions tested for 2011, there was no approval by the Fiscal Officer or the Village Administrator.

Debt

1. From the agreed-upon procedures documentation, we noted the following notes and loans outstanding as of December 31, 2010. These amounts agreed to the Villages January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010
1992 OPWC Storm Water Improvement Loan No. CN432	\$9,213
1995 OPWC Water System Improvement Loan No. CN910	\$27,234
2002 OPWC Riverfront Estates Loan No. CN31D	\$110,005
2004 OPWC Wastewater Treatment Loan No. CN16G	\$67,631
2000 OWDA Water System Improvement Loan No. 2130	\$676,962
2004 OWDA Wastewater Treatment Loan No. 4045	\$296,030
1994 U.S.D.A. Dept. of Rural Development Loan	\$164,600
2010 OWDA Sewer Design Loan No. 5116	\$30,867
2011 Ohio Heritage Bank	\$120,689

2. We inquired of management, and scanned the Memo Transaction Listing and Check Register for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. We noted a new debt issuance in 2011 for the purchase of a Village Hall building. All debt noted agreed to the summary used in Step 3.
3. We obtained a summary of note debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to the General Fund, MVL Fund, Water Fund, and Sewer Fund payments reported in the Detail Expense Transactions Ledger. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General Fund per the Memo Transaction Listing. The amounts agreed.
5. For new debt issued during 2011, we inspected the debt legislation, noting the Village must use the proceeds to purchase a building for Village Hall. We scanned the Expense by Account Report and noted the Village purchased a building in July of 2011. We viewed the Coshocton County Auditor's Property Search database and noted the Village was the recorded land owner of the respective parcel.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Register - Detail and:
 - a. We compared the hours and pay rate, or salary recorded in the respective year "Pay and Benefits" Ordinance to supporting timecard or legislatively-approved rate or salary. We found no exceptions.
 - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2012. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2013	10/2/2012 10/9/2012 10/23/2012 11/1/2012 11/13/2012 11/20/2012 12/3/2012 12/4/2012 12/10/2012 12/19/2012	\$18,037.27	\$18,037.27
State income taxes	January 15, 2013	12/1/2012 12/4/2012 12/7/2012 12/18/2012	\$1,319.25	\$1,319.25
Village of West Lafayette income taxes	January 30, 2013	12/18/2012	\$230.93	\$230.93
OPERS retirement	January 30, 2013	12/10/2012 12/18/2012 1/21/2013	\$5,245.35	\$5,245.35
OP&F retirement	January 31, 2013	12/10/2012 12/18/2012 1/21/2012	\$4,185	\$4,185.00

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Detail Expense Transaction report for the year ended December 31, 2012 and ten from the year ended 2011 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Detail Expense Transaction report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found two instances out of twenty tested where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the MTD/YTD Revenue Period Report for the General, Street, and Water Funds for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Street and Water Funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Current MTD/YTD Expense Period Report for 2012 and 2011 for the following funds: General, Street, and Water Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Current MTD/YTD Expense Period Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street and Water Funds for the years ended December 31, 2012 and 2011. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2012 and 2011 for the General, Street and Water Funds, as recorded in the MTD/YTD Expense Period Report. We noted no funds for which expenditures exceeded appropriations.

Compliance – Budgetary (Continued):

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the YTD Fund Period Report for evidence of new restricted receipts requiring a new fund during December 31, 2012 and 2011. We also inquired of management regarding whether the Village received new restricted receipts. During 2011, the Village established the Community Development Block Grant Fund, the Ohio Public Works Commission Fund, and the ARC Sewer Wastewater Fund to segregate receipts and disbursements related to the construction of the Village's water and sewer treatment plant. Also, the Fire Fund and Unclaimed Funds were established pursuant to Ohio Rev. Code Section 9.39.
7. We scanned the 2012 and 2011 Combined Fund Transfer Report for 2012 and 2011 for evidence of inter-fund transfers which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Detail Revenue Transaction ledger for 2012 and 2011 to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Check Register for the years ended December 31, 2012 and 2011 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

April 12, 2013

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VILLAGE OF WEST LAFAYETTE

COSHOCTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 14, 2013